



Senate

General Assembly

File No. 249

January Session, 2009

Substitute Senate Bill No. 889

Senate, March 26, 2009

The Committee on Energy and Technology reported through SEN. FONFARA, J. of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE ALLOWANCE OF MUNICIPAL
PROPERTY TAX EXPENSE FOR PUBLIC SERVICE COMPANIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2009, and applicable to tax years*
2 *commencing on or after January 1, 2009*) (a) For the purposes of this
3 section, "rate year" means the first twelve months of a rate schedule.

4 (b) During each proceeding on a rate amendment held pursuant to
5 section 16-19 of the general statutes initiated by a public service
6 company, as defined in section 16-1 of the general statutes, the
7 Department of Public Utility Control shall, in determining the level of
8 the public service company's revenue requirements for the rate year,
9 include an allowance for municipal property taxes to be paid by the
10 company during the rate year, which shall be based on the level of the
11 most recent actual municipal property tax payments.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009, and applicable to tax years commencing on or after January 1, 2009</i>	New section

Statement of Legislative Commissioners:

Provisions of section 1(b) were rearranged for clarity.

ET *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill will require the Department of Public Utility Control, in determining rate requirements, to consider municipal property taxes paid by the company during the rate year. This is similar to current practice and therefore there is no fiscal impact anticipated.

The Out Years

None

Source: Department of Public Utility Control

OLR Bill Analysis**sSB 889*****AN ACT CONCERNING THE ALLOWANCE OF MUNICIPAL
PROPERTY TAX EXPENSE FOR PUBLIC SERVICE COMPANIES.*****SUMMARY:**

This bill specifies how the Department of Public Utility Control (DPUC) must treat property taxes when a utility applies to change its rates in a rate case. In a rate case, DPUC determines the utility's revenue requirements, i.e., the amount of money it needs to cover its costs. The bill requires DPUC, in determining the utility's revenue requirements for the first 12 months that the rate schedule will be in place, to include an allowance for municipal property taxes based on the level of the most recent actual property tax payments paid by the company.

Because the rates for some utilities, such as telephone companies, are set in proceedings other than rate cases. The bill's provisions do not apply to those proceedings. Similarly, some components of rates for utilities that undergo rate cases, such as the mechanism that adjusts gas rates to reflect changes in purchased gas costs, are also set in other types of proceedings.

EFFECTIVE DATE: July 1, 2009, and applicable to tax years commencing on or after January 1, 2009.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 21 Nay 0 (03/10/2009)